



Testimony of  
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**Connecticut AFL-CIO**

Appropriations Committee  
February 17, 2022

***HB 5003 An Act Concerning the Unemployment Trust Fund***

***SB 9 An Act Implementing the Governor's Budget Recommendations for General Government***

Good afternoon Senator Osten, Representative Walker and members of the Appropriations Committee. My name is Ed Hawthorne, and I am proud to serve as the President of the Connecticut AFL-CIO, a federation of hundreds of local unions representing more than 200,000 workers in the private sector, public sector, and building trades. Our members live and work in every city and town in our state and reflect the diversity that makes Connecticut great. Thank you for the opportunity to testify.

**HB 5003 An Act Concerning the Unemployment Trust Fund – OPPOSE**

Skyrocketing unemployment rates during the pandemic, caused 23 states, including Connecticut, to take out federal loans to allow them to continue paying unemployment insurance (UI) benefits. While interest was initially waived on these loans, these debts started to collect interest after Labor Day 2021. When Connecticut borrows from the federal Unemployment Trust Fund, that debt has historically been repaid by increasing the unemployment tax rate for employers. To keep those rates affordable, Connecticut used \$155 million to pay down its trust fund debt. HB 5003 would require the state to make an additional lump sum payment to the UI trust fund. We urge the Committee to reject this proposal.

Paying down trust fund debt is a way to avoid raising employer taxes that finance the UI system. Eventually, if we want a robust UI system that protects workers, we need to collect more money from employers through UI taxes. Using more federal relief funds would mean diverting funds that could be used to support current investment or employment. Refilling public sector jobs, for example, and the full value of services these workers provide, would do more for economic growth than paying down more UI debt. In addition, Connecticut has already acted to lower costs for employers. The General Assembly passed Public Act 21-5, which requires that employers' benefit charges and taxable wages between July 1, 2019, and June 30, 2021, be disregarded when calculating the employer's unemployment tax experience rate for taxable years starting on or after January 1, 2022. In effect, this means that the unemployment benefits paid to an employer's former employees during that period, whether they were directly related to the pandemic or not, will not affect the employer's experience rate. Given that action, it's unlikely that any employer will see an increase in their unemployment experience rate for the 2022 taxable year.

Lastly, significant updates of the unemployment insurance system will further save employers money. The Connecticut AFL-CIO and CBIA were parties to the compromise that became Public Act 21-200. It reforms the system and shores up the trust fund by:

- Increasing the taxable wage base from \$15,000 to \$25,000 and indexing it to inflation;
- Reducing the maximum solvency tax rate from 1.4% to 1%;
- Reducing the minimum and expanding the maximum experience tax rate, from 0.5-5.4% to 0.1-10%;
- Increasing the minimum base period earnings required to qualify for benefits from \$600 to \$1600 and indexing it to inflation, except when the federal government is providing additional benefits;

- Delaying increases in the maximum weekly benefit amount until the plan is implemented; and
- Deferring initial payment of benefits until employees exhaust severance payments.

We urge the Committee to reject this bill.

**SB 9 An Act Implementing the Governor's Budget Recommendations for General Government – OPPOSE**

We are disappointed that Governor Lamont's mid-term budget proposal guts the authority of the State Contracting Standards Board. Instead, he proposes moving oversight of state contracting to the Auditors of Public Accounts and provides funding for three new positions for that purpose.

In all honesty, we cannot say we are surprised. What is surprising is that the Lamont Administration thinks we don't understand the difference between the State Contracting Standards Board and the Auditors of Public Accounts.

The State Contracting Standards Board is an independent executive branch agency that was established after Governor Rowland pled guilty to accepting vacations, airfare and home improvements from contractors who did business with the state. The General Assembly charged the Board with ensuring the effectiveness and integrity of state contracting and procurement processes. It has authority over acquisition and management of supplies, services, and construction; state contracting and procurement processes and practices; and contracts for the construction, reconstruction, alteration, remodeling, repair, or demolition of public buildings. It also has authority to oversee the outsourcing of state services and can require a state agency to perform a cost-benefit analysis if it seeks to privatize services performed by state employees.

In contrast, the Auditors of Public Accounts is a legislative branch agency charged with auditing "the books and accounts, records of operations and activities, systems and data" of each agency and other state entities every two years, or more frequently if deemed necessary. They report their findings and recommendations to the Governor, the Comptroller and this committee. ***It is an essential and important function of government, but the Auditors' role is to look back at work that has been done since the last audit.*** It does not review proposed contracts or procurement processes. Nor does it perform cost-benefit analyses to determine if cost savings can be achieved. Its work is not proactive. The Auditor of Public Accounts review, *after the fact*, to see if agencies and other state entities followed the rules. They do not have the authority to look forward and stop impropriety before it happens.

We respectfully ask this committee to ignore the Governor's proposal with regard to the State Contracting Standards Board and instead, fund it at a level that will allow it to perform its statutory function.

Thank you for the opportunity to testify.